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national farmers union


In Union is Strength

Government
Publications

Memorandum
to the
Minister Responsible for the Canadian Wheat Board

presented in
Saskatoon, Saskatchewan

June 9, 1980



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Memorandum

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1. We appreciate this opportunity to comment on a number of matters relative to the operations of the Canadian Wheat Board. In doing so, we are aware of the inter-relationship between Wheat Board operations with other sectors of the economy, such as transportation and grain grading and licensing regulations which fall under the jurisdiction of other government departments. To discuss the more global aspects of grain handling is impossible without overlapping into other ministerial jurisdictions.
2. As you know, the National Farmers Union is a staunch supporter of the CWB system of marketing. Furthermore our policy calls for the expansion of the CWB into a Canadian Grains Board with complete jurisdiction over all grain and oilseed marketing in Canada, intraprovincially, interprovincially and into export.
3. It is a concept which recent governments have been steadily eroding. Since 1961 we have experienced a gradual and growing deterioration of CWB marketing powers. In that year, direct producer sales to feed mills and livestock producers were permitted, which has proven to be the thin edge of the wedge for further weakening of Board powers.
4. Eastern feeders wanted the advantage of cheap feed grains rather than purchasing feed grains priced by the Board into eastern markets in competition with U.S. corn.

5. The Board's power to set domestic feed grain prices was removed in 1973 and in the following year, the government introduced its new Domestic Feed Grains Policy which permitted farmers to sell feed grains for domestic consumption on the open market.
6. The stated objectives of the new policy were:
 - a) To provide a fair and equitable base price for feed grains across Canada;
 - b) To provide relief for producers against depressed feed grain prices; and
 - c) To encourage growth of livestock and feed grain operations across Canada according to natural factors and natural potential of various regions of the country.
7. In our view the policy has failed in achieving these basic objectives for reasons we shall outline in greater detail.
8. The Canadian Wheat Board was, at the time the policy was implemented and is still, required to act as a supplier of feed grains for the domestic market whenever the open market is not able to meet demand.
9. The 1974-75 and 1975-76 crop years were years of low supply and relatively high prices for feed grains. There was ample evidence that there existed excessive margins between prices paid by eastern farmers and prices paid to western producers. The policy had failed in a period of low supply and high prices to provide the "fair and equitable price base." Eastern producers again complained.
10. Revised once again in 1976, the policy imposed a ceiling on the price of domestic feed grains but no floor. The federal government required the CWB to offer domestic feed grains across Canada at a corn competitive price which would guarantee western feed grains to eastern Canadian markets at prices no higher than comparable imported U.S. corn and soymeal prices. The objective of the policy was to

guarantee lowest possible prices for feed grains to the livestock feeding industry.

11. A three-year study conducted by the Saskatchewan Natural Products Marketing Council for the crop years 1976-77; 1977-78 and 1978-79 has concluded prairie farmers in these three crop years have, in the selling of feed grains to the non-Board and off-Board markets, lost over \$142 million, representing the difference between prairie street prices and the CWB corn competitive price. Once again, the policy has failed in periods of high inventory to "provide relief to producers against depressed feed grain prices."

12. Finally, we must assess the degree to which the current feed grain policy has succeeded in achieving its third stated objective, namely, "to encourage growth of livestock and feed grain operations across Canada according to natural factors and natural potential of various regions of the country."

13. An examination of hog marketing statistics for the period 1973 to 1979 provides an important insight.

Summary of Hog Marketings

	<u>1973-1979</u>							1979 as
	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>% of 1973</u>
	(000 head)							
Alta.	1,717.6	1,626.8	1,242.3	1,086.0	1,172.5	1,179.3	1,406.1	81.86
Sask.	1,072.8	1,028.6	615.3	534.8	534.3	557.3	644.2	60.05
Man.	1,221.1	1,188.3	873.6	819.4	840.9	842.6	1,054.0	86.31
Ont.	2,748.4	2,768.0	2,491.2	2,549.7	2,630.3	3,025.9	3,776.0	137.39
Que.	1,910.9	2,278.4	2,326.5	2,335.3	2,604.7	3,044.6	3,817.0	199.75

Source: Agriculture Canada, Livestock Market Review, 1977, 1979

14. On the prairies, where feed grain is produced and presumably much cheaper to procure, hog production in 1979 is in every instance well below 1973 levels while in Ontario and Quebec, and particularly in the

latter province, production is well above 1973 levels (the first year of the current feed grains policy). Hog production in Quebec, much of it now controlled by vertical integrators, is forecast to increase by an additional 31 per cent in 1980 over 1979.

15. As a result of the apparently weak hog production performance on the prairies since the advent of the current feed grains program, packing companies have closed down a number of processing plants and centralized their operations in the central provinces.

16. The prairies presumably possess the natural advantage in feed grains production. However, the central provinces hold the "natural" advantage in hog production, particularly if that advantage is subsidized by prairie farmers who have provided feed grains at prices well below corn competitive prices, thanks to the existence of the present policy.

17. We submit the feed grains policy has also failed to achieve its third stated objective.

18. However, our conclusion may be naive in this regard. It can be argued that the government has attained a major objective of the feed grains policy - namely to more heavily concentrate production and processing of hogs near the areas of heaviest population and in so doing, shift economic activity away from areas that possess the natural advantages of feed grains production. This would be perfectly consistent with a public strategy for a cheap food policy.

19. We submit the current domestic feed grains policy is a major contributor to loss of farm income to prairie grain producers in particular, as well as producers of feed grains in eastern Canada who have borne the brunt of price competition in their back yards from undervalued prairie feed grains over the past three years.

20. In addition, the open quota aspects of the feed grains policy has

resulted in a distortion of equity in the sharing of available feed grain markets among producers.

21. There are those who would have us believe that the current policy is one which enables producers "freedom of choice". But the choice of many grain producers who have sold feed grains on the open market at depressed prices has not been based on a preference for the open speculative system of marketing but rather on the need for cash flow dictated by pressure from their creditors and bankers.

22. Hog producers, too, have experienced serious market price instability as a consequence of the current policy, which in turn has contributed to income losses in a period of high inflation. It is somewhat of a paradox that 1979 hog prices were well below previous 5-year average prices requiring the government this year to pay out some \$46 million to hog producers in stabilization. It is an even greater irony that the major benefactors of the current feed grains policy, namely the integrated operators of Quebec and Ontario, will be further rewarded for the chaos they have created in the market by collecting huge stabilization payments.

23. We recommend that the current domestic feed grains policy be discontinued and the marketing and pricing of prairie feed grains sold domestically be returned to the full jurisdiction of the Canadian Wheat Board. This would result in the Corn Competitive Price for western feed grains becoming a price reflecting proper value rather than acting only as a ceiling price.

Marketing, Rye, Flax, Rapeseed

24. The policy of our organization further calls for the expansion of the Canadian Wheat Board into a Canadian Grains Board with full powers for marketing and price pooling of all grains produced in Canada.

25. As an interim step in this direction, we request the immediate inclusion of rye, flax and rapeseed under CWB jurisdiction.

26. There are, we believe, a number of valid reasons for so doing. We advance some of them for your consideration:

- 1) The marketing of these grains by the CWB is consistent with the principles of orderly marketing, one desk selling and price pooling which we regard as best able to provide Canadian producers with the fairest average returns plus the bargaining power needed to develop foreign markets.
- 2) Producers of oilseeds have been the victims of marketing margins in the current crop year that have been unprecedented. The futures - street price spreads on rapeseed and flax - have at times exceeded \$60 per tonne, which by any standards is nothing short of exploitive.
- 3) This situation has, in turn, contributed to further gimmickry by the grain trade which has encouraged costly overland trucking programs of oilseeds from prairie delivery points to terminal positions. The glamour of this program, based on personal greed, was dangled before producers on the grounds that terminal prices were higher and deliveries were quota-exempt. Producers taking advantage of this program could profit, at the expense of their fellow producers, by capturing a larger personal share of delivery opportunity for other grains as a result of their right to reassign quota delivery acres in their CWB permit books to other grains. Conversely, the policy also provided self-justification for the trade in having created unjustifiable price spreads.
- 4) The priority in grain car allocation accorded to the rail movement of off-board and non-board grains has, we

believe, often acted as a detriment and frustration to the marketing efforts of the Canadian Wheat Board. This is a natural effect of a policy that endeavors to accommodate two conflicting approaches to grain marketing - namely, an orderly system in competition for transportation and elevator space with an open speculative system - a situation that is less than satisfactory to the operation of either system.

- 5) The disproportionate space currently occupied by oilseeds at Pacific Coast terminals, for example, as opposed to the amount being utilized for wheat, illustrates that more inefficiency exists than can be justified in the operation of the marketing system. Rapeseed stocks in store in Pacific terminals as at May 21, 1980, are reported at 129.5 thousand tonnes compared to only 210.5 thousand tonnes of spring wheat. This relatively small portion of space allocated to wheat does not assist the CWB in its marketing programs. On the same date in 1979, only 39.9 thousand tonnes of rapeseed was in terminal storage. The distortion is further apparent when it is realized that wheat exports from Pacific ports have been more than four times greater than rapeseed exports up to May 21, 1980 (4,323.2 tonnes compared to 1,086.2 tonnes).
- 6) In addition, the efficient utilization of terminal space is complicated by the speculative nature of oilseeds marketing which results in terminals storing an indeterminate amount of oilseeds which, by virtue of their ownership, are not available for export sale.

below, often as a result of the following:

is a natural effect of a policy that tends to
recommend two similar and sometimes to other marketing
policy, an effect which is common in transportation
and other areas with an open competitive system. A
situation that is less than satisfactory to the operation
of other areas.

(2) The distribution of the goods is not satisfactory.

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7) The congestion of Thunder Bay terminal space by non-Board grains approximately six weeks ago with over 1000 loaded cars of non-Board grain sitting in railway yards at that port (some for up to two months) resulted in CP Rail refusing to spot 480 grain car allocations for Week 41 at country points. This situation developed (in spite of the existence of a Grain Transportation Co-ordinator) because railcar priority is extended to the movement of non-Board grain in order to accommodate the speculative needs of the grain trade. It is an intolerable situation.

27. For the reasons cited, we recommend the marketing and price pooling of rye, flax and rapeseed be placed under CWB jurisdiction and thereby assist the more efficient utilization of the grain handling and transportation system as a step toward more satisfactorily fulfilling our grain export targets. This would also enable the CWB to allocate specific grains to specific terminals in order that export cargoes might be loaded more expeditiously.

28. We further request that this submission be recommended to the Minister of Transport for reading in the hope that he will acquire a more balanced opinion on the urgency to place these grains under CWB marketing. His unenlightened comments in the House of Commons on April 28 stating, in part, "There are other things of much greater importance to do in western Canada at this time, (than to place rapeseed under CWB jurisdiction), namely, to increase the railway capacity and to tackle the Crows Nest Pass rate...." prompts us to briefly comment on this subject.

Crows Nest Pass Rate

29. The Crows Nest Pass Rate issue is a subject of sufficient

significance in itself to form the basis for an entire submission. We do not intend to dwell at length on this issue but we do want to make it absolutely clear that we regard these rates as non-negotiable.

30. In their efforts to discredit the rates and force abandonment of them, the railway companies have exerted coercion, engaged in outright blackmail as a common occurrence and have repeatedly violated section 262 of The Railway Act. They have been allowed to violate and operate outside the laws of this country with impunity, but are additionally creating their own laws of conduct and running roughshod not only over farmers but national interests as well.

31. In their recent public relations exercise with media representatives who were taken to the site of CPR double tracking and tunnelling projects in British Columbia, the head of CP Rail, executive vice-president Bill Stinson, was asked: "Can you build the tunnel without a change in the Crow rate?" and is quoted as replying: "I don't think we can afford to--" a direct contradiction to an earlier statement in the same interview when he was quoted, "I'm convinced the tunnel will be built. The country won't stand by and see traffic diverted (through the U.S.)."

32. It is nothing less than a further example of CP's efforts to coerce, intimidate and blackmail the population - with the generous assistance of the media.

33. The two replies weighed against each other imply CP Rail is convinced the government will take action on the Crow rate question and this fact, together with recent ministerial utterances -- the latest at the federal-provincial grain handling and transportation conference in Victoria -- is of deep concern to our organization.

34. The railway companies, and the CPR in particular, are skillfully perpetuating the myth that they are losing massive amounts of money

in the movement of prairie grain.

35. The truth of the matter is that the railway companies have not been limited to the receipt of Crow rates for a number of years. The payment of branch line subsidies, rehabilitation grants and hopper car purchases have all been gifted capital cost items that, if left to their own devices, would have required the railway companies to earn billions of dollars in additional revenues in order to earn sufficient net revenues to pay for these capital costs. Would they, on their own, have made these investments? We doubt it, given their performance in other areas of railroading.

36. For example, CP Rail had revenues of \$1.6 billion in 1979 which earned them \$93.7 million - a return of nearly 5.9 per cent. In order to earn \$300 million to complete their tunnel, they would need \$5.1 billion additional revenue, presumably from grain movement, just to pay for the capital cost. Will CP Rail, if it succeeds in ending Crow rates, repay the federal government for the capital costs of rehabilitation or even the costs of hopper cars? We doubt it.

37. Another Royal Commission to study the Crow Rate issue? We are apprehensive about such a Commission. The record of previous committees or commissions established to "study" other conclusions reached by the Hall Commission have invariably, after relatively token efforts, reversed recommendations of that Commission.

38. Our organization has rejected the concept of "Crow benefit" proposals because we believe once this principle is accepted, the entire rate question for grain movement will be open for annual negotiation and farmers will in future be faced with the prospects of sky-rocketing rail transportation cost increases for grain movement which will have far-reaching effects on their abilities to competitively produce grain for world export.

39. We need only direct your attention to rail freight rate increases that have highlighted the domestic movement of grain. On June 1, 1980, rate increases of 14 cents/cwt. were added to previously existing rates of 88 cents/cwt. in the Thunder Bay to Ottawa movement of feed grains. An additional 6 cents/cwt. will be added to the new rate of \$1.02/cwt. on January 1, 1981, plus an as yet indeterminate energy surcharge. In the period 1975 to 1979, domestic feed grain freight rates to destinations in eastern Canada have risen between 46.4 and 58 per cent. Could prairie producers expect anything less spectacular with an end to Crow rates?

40. We reject the concept that railway companies must be run as private corporations whose objective is to earn profits on a user-pay basis holds precedence over serving as instruments of national and regional development.

41. We continue to recommend that the rail systems in Canada be integrated and operated as public utilities to serve national interests.

U.S. Embargo

42. Our organization is concerned over the impact to Canada's grain sales efforts as a result of the federal government's endorsement and support for the United States embargo of grain sales to the USSR in effect now since early January.

43. Canada's export sales of grain to the USSR have been significant to prairie farmers in a number of past years. Our exports of wheat and barley to the USSR over the past five crop years are summarized in the table which follows.

CWB Exports of Wheat and Barley to USSR

1974/75 - 1978/79

	<u>1974/5</u>	<u>1975/76</u>	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>
	(000 tonnes)				
Wheat	352	3,236	1,043	2,146	1,429
% of Total Exports	3.4	27.8	8.2	14.1	11.6
Barley	-	1,175	121	166	126
% of total exports	Nil	27.1	3.2	4.6	3.3

44. Our five-year average exports to the USSR represented 13% of total wheat exports and 7.6% of total barley exports

45. Although the federal government has stated it will continue to export grain to the USSR up to "traditional" levels, it is difficult to assess such levels when exports in individual years have been highly erratic as those of the past five years.

46. If we are to seriously establish ourselves as a reliable supplier of grain to importing countries we must plan strategies for our own foreign policy rather than allow such policies to be dictated to us by the U.S. As a principle, we cannot support the use of food as a political weapon.

47. One question we now face is: "For how long a period must we expect to support the U.S.-sponsored boycott?" Will it be for one year? - five years? - or, in the event the USSR permanently stays in Afghanistan, shall we boycott sales forever?

48. We are of the opinion that boycotts of this type are seldom successful in achieving their goals and, in this instance, may very well more seriously affect Canada than it will the USSR.

49. A further question now very much in the forefront of the debate is: "What is the price the federal government is prepared to pay prairie farmers for lost income resulting from declining world grain prices that have followed in the wake of the embargo?"

50. This question, we understand, is being studied by the Canadian Wheat Board. An additional issue in determining the effect of the embargo in causing lower farm income from grain sales will be the spin-off effect upon the Western Grain Stabilization Fund.

51. If the effect of grain price declines since the beginning of 1980 is to trigger a payment under the WGSF, we submit such a payment cannot be considered in conjunction with compensation which might be recommended as a result of estimated lost income resulting from the embargo. To do so would eliminate from full compensation those producers who are not protected by the WGSP.

52. Grain prices have declined since the onset of the embargo. The CWB export asking price for No. 1 CW 13½% wheat at Thunder Bay was \$228.61 per metric tonne on January 3 the day before U.S. President Carter announced the embargo. On May 29 (the most recent figures we have), the price was \$197.86 - a decline of 13.5 per cent.

53. We submit Canada's support for this embargo will not enhance our ability to meet our grain export target of 30 million tonnes by 1985. Support should be withdrawn.

Domestic Price for Wheat

54. An Act to amend the Two Price Wheat Act was introduced for first reading into the Senate on April 16, 1980 (Bill S-6). Its intent is to repeal the Two Price Wheat Act. While this Act fell short of meeting the proper criteria for establishing a domestic price for wheat, we do not favour abandoning the concept of a properly computed domestic wheat price indexed to farm costs of production.

55. Although we welcome the recent upward adjustment in the price level of milling wheat used for domestic human consumption, the action still does not recognize in principle or even attempt to establish

an indexed relationship between farm costs of production and the domestic price for milling wheat.

56. Under current circumstances, we have a one-price rather than a two-price system -- that price being the export price whenever it ranges between \$5 and \$7 per bushel. The export price, and hence the domestic price has been declining. Farm costs have not.

57. We recommend that a true domestic price system be developed and implemented which will be indexed to an index of farm input costs for grain production and that this price be allowed to operate independently of the world export price.

Port of Prince Rupert

58. We are pleased that work is to commence on development of the Port of Prince Rupert. This will provide a badly needed alternate export outlet for grain on the Pacific seaboard. In conjunction with the efficient operation of this facility, early action must be taken to assure that grain originating from both CN and CP rail lines will have equal access to this port.

Grain Transportation Co-ordinator

59. The establishment of a Grain Transportation Authority was undertaken by the previous Progressive Conservative administration and has been maintained by the present government.

60. In establishing this position, we point out that it represented one additional government action in reducing the powers of the Canadian Wheat Board.

61. We submit that the CWB remains the most logical agency for the effective allocation of grain cars -- if the objective is to not allow into the grain pipeline types of grain not needed to fill export orders.

62. We further submit that difficulties in grain car allocation experienced by the CWB reflected in large measure the negative attitudes of the railway companies toward grain movement.

63. Finally, although it is too early to assess the success of the GTA, we submit that agency should be responsible to the Wheat Board Minister rather than to the Minister of Transportation, and so recommend.

CWB Advisory Committee District

64. Since the inception of elected representatives to act on the CWB Advisory Committee, the CWB has, for the past four years, followed the practice of conducting an information meeting in each Advisory district on an annual basis.

65. In district 11, two meetings are held because of the great geographic distance between the Peace River area of B.C. and Alberta and the south-eastern area of the district, near Edmonton.

66. We recommend that this district be subdivided and a new district 12 be created and an advisory member elected in the appropriate district where a vacancy would be created.

Other CWB Policy Issues

67. Quotas: It is essential that the CWB be in full control of establishing delivery quotas on all grains entering the primary system. In addition, quotas must apply on all grain deliveries originating at country points and directed to terminal positions, whether by rail or truck, including producer car shipments.

68. Switching: We support a permanent end to the practice of stock "switching" which, through experience, we have learned resulted in widespread abuse by the trade and seriously disrupted the orderly marketing of grain.

69. WGSP Deductions: We request that the CWB redesign the delivery permit book to allow for the recording, on a cumulative basis, of deductions for the Western Grain Stabilization Program. The additional concept of this policy would allow for discontinuing such deductions from grain deliveries, once the maximum allowable premiums have been collected in any crop year.

70. Cash Advances: We recommend that interest free cash advances on farm stored grain be extended to producers on the basis of the allotted quotas in each crop year. The objective of this program would be to provide equity of income opportunity for all producers who, because of space limitations in country elevators, were unable to deliver their full quota allotment.

71. Delivery Points: We recommend grain producer delivery privileges be confined to one primary delivery point.

72. Initial Prices: The initial prices for CWB grain deliveries to commence August 1, have been reduced from their present levels. We recommend that the initial prices be reassessed prior to the commencement of the 1980-81 crop year and readjusted so the margin between initial prices and export prices will more accurately reflect the value of these grains.

Conclusion

73. We have, in this submission, covered a broad range of grain and grain related issues. For further definition, we include our policy statement on grain and oilseeds in Appendix "A".

74. Our organization is a strong defender of the CWB system of marketing and the principles of equity for producers on which it is based. We shall continue to support the CWB and any decisions of your government which will strengthen and enhance the Board's effective operations.

APPENDIX "A"

GRAIN AND OILSEEDS

Policy Requirements

1. Orderly marketing is the cornerstone of NFU policy. It includes these basic concepts:
 - a) Control of the product into, through and out of the marketing system to meet market demand.
 - b) Single desk selling.
 - c) Equality of delivery opportunity between producers.
 - d) Pooling of returns and costs among producers.
 - e) Elimination of manipulation, speculation and waste.
2. Policies are needed to assure:
 - a) An adequate productive capacity to meet needs at home and abroad.
 - b) A price for the product which will return to the producer the cost of production including a reasonable return on his investment, management and labour.
 - c) A storage program that provides adequate inventory.
 - d) A marketing system that regulates the flow of grain into, through and out of the handling and transportation system to meet market requirements.
 - e) A selling system that prevents speculation but returns to the producer an equal price for equal quality.
 - f) A delivery system that assures each producer equality of opportunity in the market.
 - g) A handling system that ensures sufficient capacity without duplication of facilities within reasonable proximity of the farm gate.

- h) A rail transportation system capable of providing necessary services in moving Canada's grain crop to domestic and export positions at the least possible cost.
- i) A pricing system that does not exploit the producer or consumer in times of large or small inventories.
- j)
 - i) A grading system that identifies and maintains the quality of Canadian grain;
 - ii) The Canada Seeds Act should be amended to require a lower tolerance of impurities in graded seed.
- k) A quota system for delivery that applies to all grains and which will be assigned on cultivated acreage. These requirements can only be met by the functioning of a publicly regulated orderly marketing system through sympathetic agencies such as the Canadian Wheat Board, the Canadian Grain Commission, and the Canadian Transport Commission and backed by federal and provincial governments which support these aims.

3. NFU Policy calls for:

- a) The expansion of the Canadian Wheat Board into a Canadian Grains Board with complete jurisdiction over grain and oilseed marketing in Canada, intraprovincially, interprovincially and in export, and such Board to be placed under the jurisdiction of the Department of Agriculture.
- b) Provinces to transfer to the Canadian Grains Board needed powers to regulate intraprovincial trade in grain. This transfer of powers may be achieved by direct legislative transfer or through the establishment of provincial grain commissions whose function would be to make and enforce regulations to bring all grain marketed intraprovincially under the direction of the Canadian Grains Board.
- c) The Canadian Grains Board to become the sole grain merchant, and in the interim the CWB handle sale directly without the use of agents wherever possible.
- d) The Canadian Grains Board to market all principal grains and oilseeds produced in Canada. As a positive step in this direction the NFU calls for an immediate referendum, among permit holders within the CWB area, seeking an opinion on the proposed return of all feed grains marketing to CWB jurisdiction. Further, pending the broadening of grain marketing powers, we endorse the promotion of an orderly marketing plan for corn in Ontario.
- e) The Canadian Grains Board to have jurisdiction over the issuance of import permits covering all principal grains, grain products and oilseeds.

- f) The Canadian Grains Board to have management jurisdiction over all works designated as Works for the General Advantage of Canada that are used to handle, process, store or transport grain.
- g) The Canadian Grains Board to have the power to establish delivery quotas in order to maintain equitable delivery opportunity among producers.
- h) The Canadian Grains Board to accept into the elevator system only those kinds and grades of grain required to meet market needs.
- i) The Canadian Grains Board to maintain stocks of grain in positions to meet the needs of the domestic market.
- j) The Government of Canada to introduce a complete two-price system for all Canadian grain (a domestic price and an export price) to be administered by the Canadian Grains Board.
- k) The domestic price for all grain to be set at the cost of production including a reasonable return to investment, management and labour, with a price relationship of all grains which reflects their relative value in use, and that the domestic price for grain be adjusted annually to a cost of production index.
- l) The Canadian Grains Board to operate for administrative purposes a two-pool system for each grain (domestic and export).
- m) The export price of all grains to be determined by the Canadian Grains Board at such a level as to allow Canadian grain to move into world markets.
- n) The federal government to make capital funds available to existing farmer-owned grain handling facilities for the development of a rational grain handling system and for the development and maintenance of a publicly owned rational rail network of branch lines and main lines capable of providing adequate service at the lowest cost. Railway companies should also be required to lease or sell abandoned elevator sites to farmers for storage purposes.
- o) The federal government to introduce an export grain income stabilization plan based on the maintenance of realized net income.
- p) The federal government to implement a grain inventory reserve program of farm-stored grain.
- q) Grain handling charges to be established by the Canadian Grain Commission at a uniform rate throughout the country and no changes in the tariff schedules authorized before full public hearings have been held.

- r) All dockage to become the property of the Canadian Grains Board.
 - s) Price spreads between grades of grain not to be discriminatory.
 - t) The operations of the Canadian Grain Commission to be extended to all of Canada.
 - u) The farmer's right to producer's car delivery system to be maintained and an administration charge of 1/2¢ per bushel to be levied. To stop abuses of this producer car right, all producer cars should be under the quota system and jurisdiction of the Canadian Wheat Board and in the long run, under the Canadian Grains Board, and there should be a heavy fine if the incorrect grade and type of grain is loaded.
 - v) The statutory (Crowsnest) freight rates on western grain to be maintained in perpetuity and be non-negotiable.
 - w) The Canadian Grains Board to have complete jurisdiction over the control of grain movement in Canada including the allocation of boxcars, and the allocation of boxcars to elevators to be based on previous years' average handlings.
 - x) Grain producer delivery privileges to be confined to a primary delivery point.
 - y) The Canadian government to support international grains agreements but under no circumstances agree to negotiate such agreements under the General Agreements on Tariffs and Trade.
 - z) The federal government, through the Foreign Investment Review Agency, not allow any further purchases of existing grain handling facilities or expansion of facilities by foreign-owned grain companies who already have purchased existing facilities be instructed to divest themselves of current interests.
 - aa) The CGC not to license any foreign-owned grain companies which will permit them to own or operate grain handling facilities.
 - bb) The NFU to meet annually with the Canadian Grain Board, The Canadian Grains Commission and the federal government to negotiate all matters related to grain for the ensuing year.
 - cc) The federal government build up the ports of Prince Rupert and Squamish as major grain export harbours.
4. The NFU rejects the concept of large inland grain terminals on the Prairies.
- a) Before issuing a license for the construction of new grain handling facilities, the Canadian Grains Commission should be required to hold public hearings in the area

affected to determine if the additional capacity is warranted. If sufficient capacity already exists, no license should be issued. In the case of abandonment of existing facilities, the Canadian Grains Commission should also be required to hold public hearings to determine the effect on the community. If the facility proves to be needed, the grain company concerned should be required to maintain that capacity.

- b) Proposals for the construction of a government inland terminal at Yorkton, Sask., should be preceded by first proving the workability of the idea by thoroughly testing the use of high throughput elevators and existing terminals at Saskatoon and Moose Jaw.
- c) With regard to existing federally owned prairie inland grain terminals, they should under no circumstances be leased or sold to any private grain corporation or company.

- 5. The Peace River Bloc of Alberta and B.C. be designated as a separate Wheat Board Advisory district.
- 6. The NFU calls upon the Canadian Wheat Board to permanently discontinue the practice of "switching" grain stocks within the country and terminal elevator system.
- 7. We call upon the CWB to provide a page in the quota permit book to enable country elevator managers to record farmer contributions to the Western Grain Stabilization program and that when such contributions in each crop year attain the maximum amount payable they be discontinued on further deliveries.
- 8. A system of interest-free cash advances for producers on farm-stored grain which allows each producer equity of income opportunity for each crop year based on the allotted Canadian Wheat Board quota for that year.

